

FFA Market

Driven by the physical market, Capesize FFA continued its downward correction last week, while Panamax and Supramax did not follow the trend, posting modest gains supported by solid fundamentals. At the beginning of last week, the dry bulk FFA market came under selling pressure due to ample tonnage in the Pacific region, with Capesize prompt contracts falling by nearly \$2,000/day. Although some buying interest emerged midweek following the sharp sell-off, Capesize contracts failed to find effective support amid persistent weakness on the C5 route. By Friday's close, the June contract had fallen to \$35,000/day, a week-on-week decline of approximately \$4,000/day. In terms of trading volume, Capesize and Panamax volumes stood at 27,024 lots and 24,590 lots respectively, while Supramax and Handysize volumes came in at 14,375 lots and 775 lots, respectively. Total weekly trading volume reached 66,764 lots.

Last week, the Capesize market experienced sharp volatility, retreating for several consecutive days from its highs. As a result, options market activity increased notably, with a total of 9,191 Capesize option contracts traded. Specifically, 1,910 lots of August call options were traded, 1,035 lots of Q3 call options, 1,620 lots of Q4 call options, 2,025 lots of Q234 call options, and 1,620 lots of Cal27 call options. It can be observed that a significant volume of call options traded in back-month contracts. Given that Capesize prices had previously been at unsustainably high levels, the incentive for speculative buying of call options during the rapid price decline should be relatively limited. Rather, it is more likely that investors were capturing oversold rebound opportunities or implementing protective hedges for profitable short positions. The Panamax options market remained quiet, with a total of 395 lots traded, mainly 315 lots of Q3 call options.

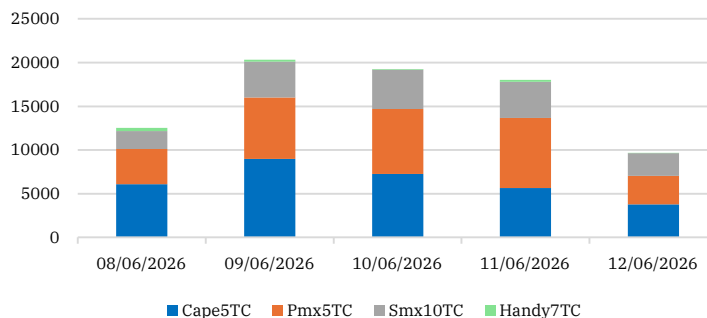
After the price pullback, liquidity on iron ore routes held up reasonably well. On the C5 route, a total of 555,000 metric tons were traded, mainly concentrated in Q3 contracts, while on the C3 route, a total of 850,000 metric tons were traded, all of which were June contracts.

As of June 15, open interest for the Capesize 5TC (180) was up to 193,020 lots (+4,092 lots w-o-w), for the Panamax 5TC to 172,853 lots (+8,949 lots w-o-w), and for the Supramax 10TC to 101,623 lots (+5,092 lots w-o-w).

Freight Rate \$/day

	15-Jun	8-Jun	Changes %
Capesize5TC (180)	33,253	39,295	-15.4%
Panamax5TC	20,617	19,966	3.3%
Supramax10TC	19,005	18,134	4.8%
Handy7TC	16,289	15,565	4.7%

Weekly FFA Futures Volume/days



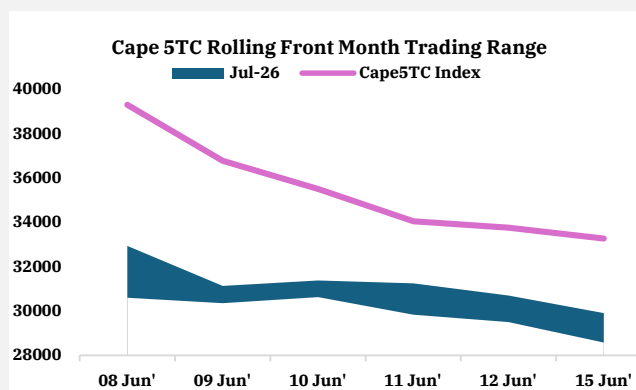
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

FFA Market Forward Values

FFA \$/day	15-Jun FIS Closing	08-Jun FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low
Capesize5TC Jul 26	28,750	30,750	-6.5%	32,925	28,575
Capesize5TC Q3 26	30,250	30,950	-2.3%	32,200	30,150
Panamax5TC Jul 26	20,475	20,900	-2.0%	22,050	20,625
Panamax5TC Q3 26	20,279	20,525	-1.2%	21,375	20,325
Supramax10TC Jul 26	19,600	18,900	3.7%	20,250	19,375
Supramax10TC Q3 26	19,213	18,725	2.6%	19,700	18,675

Capesize

Weighed down by weakening bauxite shipments and the approaching end of the pre-season shipment rush from Western Australian miners, sentiment in the Capesize market turned generally weaker. According to Kpler tracking data, the number of ballasting vessels in the Pacific region has exceeded 470, hitting a year-to-date high, as tonnage has not been effectively absorbed, dragging freight rates lower. The Pacific round voyage C10 closed at \$26,168/day on Monday, a week-on-week decline of nearly 30%, while the iron ore C5 route (Western Australia to Qingdao) fell by nearly 20% over the same period.



On the iron ore front, domestic blast furnace hot metal output has not shown a significant decline, and demand resilience remains relatively strong. At the same time, as coking coal valuations have seen some pullback, iron ore prices have stabilised. However, based on vessel schedules, Australian cargoes shipped during the recent rush are expected to arrive at Chinese ports from late June onward. Coupled with southern China entering the rainy season, downstream steel demand is trending weaker. Against the backdrop of persistently tight coking coal supply, iron ore is likely to remain the relatively weaker product within the ferrous complex in the near term.

Outlook

Despite the current premium of nearly \$18,000/day between the Atlantic and Pacific routes, it has not been effective in attracting ballasting vessels from the Pacific to the Atlantic, weighed down by high bunker fuel costs and the seasonal slowdown in West African bauxite exports. In the near term, the ample tonnage supply in the Pacific region is unlikely to improve. At the same time, the lingering risk of a strike by BHP workers may further reduce iron ore shipment demand from Western Australia in mid-to-late June, placing additional pressure on the market.

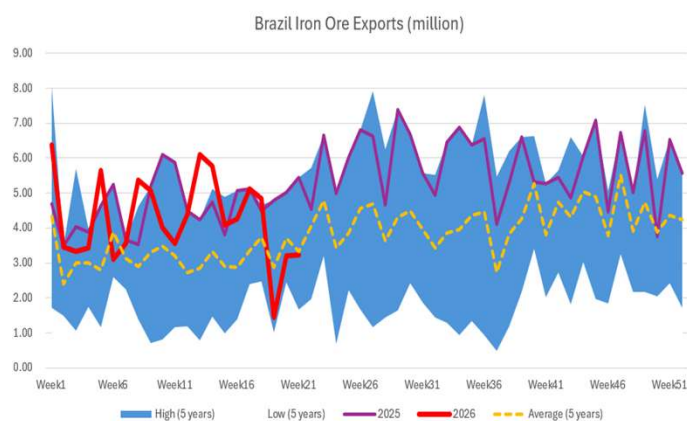
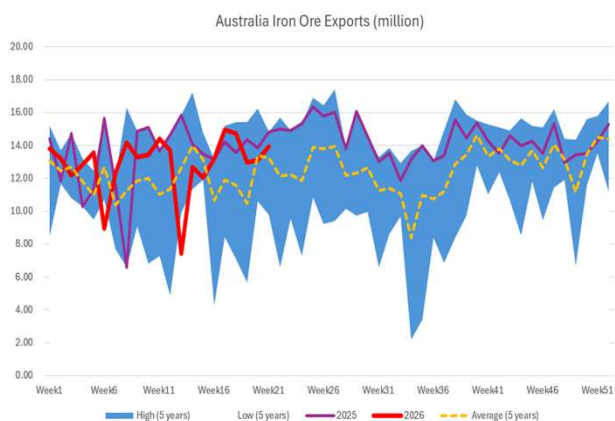
On the macro front, over the weekend the United States and Iran reached an agreement, and the Strait of Hormuz will be reopened in accordance with the terms. Although it will take time to clear the backlog of vessels and for Middle Eastern production to recover, oil prices are likely to come under downward pressure, and the cost-side support for freight rates will correspondingly weaken. In addition, some market participants may be absent this week due to Singapore Ferrous Metals Week, which could have some impact on market liquidity.

Neutral to Bearish

Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

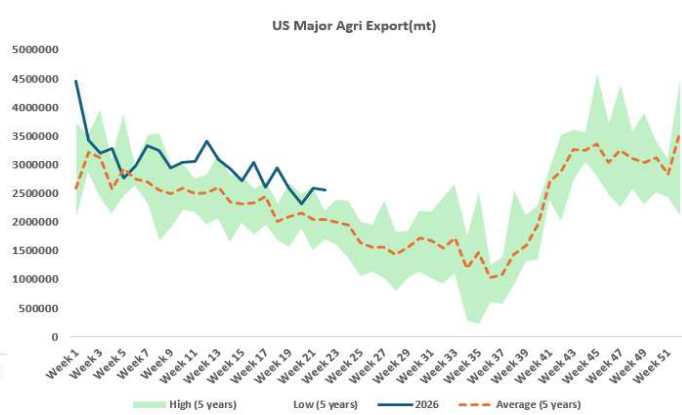
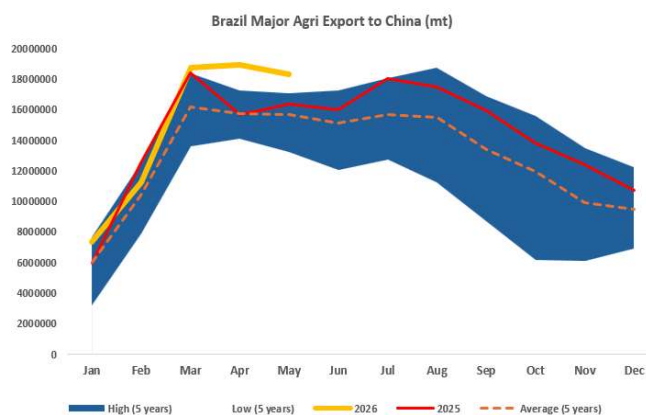
Dry Bulk Trades/Iron Ore

Export (mil mt)	May-26	Jun-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
Australia	84.4	89.4	238.4	242.7	255.2	250.6	955.0	935.1	924.4
Brazil	32.8	36.6	111.3	116.4	110.8	107.2	403.1	381.3	369.5
South Africa	3.2	4.2	13.5	13.9	12.4	12.4	52.4	52.4	51.5
India	3.2	2.4	4.9	5.0	8.9	6.8	28.8	37.5	44.5
Canada	4.5	4.4	17.6	17.2	15.1	15.2	60.3	59.4	57.6
Global	146.3	158.1	449.9	459.8	471.1	462.8	1747.7	1695.2	1655.6



Iron Ore Key Routes

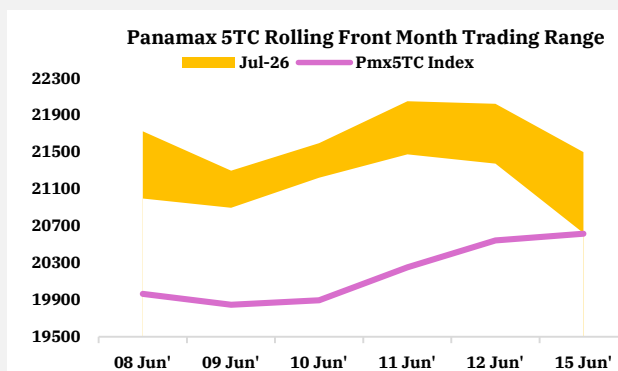
	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week Avg	Prev. Week Avg	Chg %
Australia-China	13.98	13.11	6.64%	11.8	15.3	-22.5%
Brazil-China	2.60	3.36	-22.62%	35.7	37.0	-3.5%



Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Panamax

Panamax FFA traded sideways with high volatility last week, and derivatives outperformed physical freight indices overall. The July contract fluctuated between \$20,625/day and \$22,050/day with a widened trading band. Weekly volume hit 5,963 lots, rising by 24% week-on-week. Earlier robust Panamax rates briefly flipped the curve from contango to backwardation. Yet rising near-term tonnage has pressured spot freight rates, which may push chartering and vessel demand further out the curve, likely shifting the structure back to contango. June options saw brisk trading, with outright long call positions in Q3 emerging in the past two weeks.



Outlook

Fuel oil prices declined after the US-Iran ceasefire accord was signed, as markets priced in a recovery of shipping capacity, while ample idle tonnage weighed on short-term time charter rates and freight levels. Vessels waiting at major coal ports stood at 54, down 32% week-on-week; 42 grain-laden ships queued at key grain terminals, a 26% week-on-week drop. Reduced port congestion signals improved turnaround and a rise in expected ballast tonnage. The ballast ratio eased from 1.2933 to 1.2799, pointing to more idle vessels. The ratio is projected to fall further yet remains markedly above last year's reading of 1.1485.

China issued a three-year action plan for energy-saving and decarbonisation upgrades across key sectors, including steel, electrolytic aluminum, cement, flat glass, oil refining, ethylene, synthetic ammonia, methanol and coal power. In the long run, the policy will curb coal consumption across industries and drive a sustained downtrend in seaborne coal volumes.

Near-term fundamentals offer support: China's molten iron output stays at a seasonal peak, underpinning resilient coal demand. The summer thermal coal demand season also bolsters Panamax freight rates via Indonesia-China coal cargoes and Australia-China iron ore shipments. Kpler data recorded global thermal coal exports of 19.6 million tons in the first week of June, up 14% year-on-year, marking the second-highest weekly volume this year.

Brazil's national grain supply agency lifted its 2025/26 soybean output forecast to a record-high 180.25 million tons, a minor upward revision from the May estimate of 180.13 million tons, with soybean export projections unchanged at 116.1 million tons. Wheat sowing progress in Argentina outpaces previous seasons, and US soybean emergence is stronger than in recent years. A recovery in fertiliser supply would likely lift corn planting acreage.

Dry Bulk Trades/Coal

Export (mil mt)	May-26	Jun-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
Indonesia	36.9	44.2	123.7	140.0	141.0	134.8	492.7	520.2	494.8
Australia	29.7	32.6	92.1	92.3	94.4	95.7	349.1	359.1	349.9
Russia	13.4	15.7	46.3	47.5	44.3	44.1	168.0	156.2	180.1
USA	8.1	7.7	18.9	21.3	19.0	30.6	78.3	86.3	81.2
Colombia	2.6	4.0	10.5	9.5	10.7	8.0	41.3	50.8	47.5
South Africa	5.1	6.0	13.2	16.1	15.3	9.3	61.6	59.0	59.2
Others	10.3	8.9	28.6	29.7	24.8	32.9	111.7	120.9	126.8
Global	105.9	119.1	333.3	356.4	349.5	355.3	1302.7	1352.4	1339.5

Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

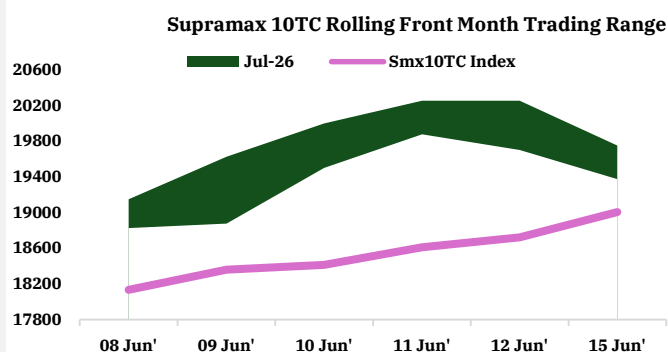
Downside risks remain: domestic steelmaking demand is entering its seasonal trough, and power plant stockpiling will progress gradually, leaving freight rates exposed to periodic downward pressure.

Congestion for Panamax vessels has eased and sits below historical averages. Nevertheless, idle tonnage at major loading zones remains subdued, keeping overall supply tight. Widening bid-offer spreads for Panamax time charters indicate charterers have shifted from urgent tonnage demand to discretionary sourcing. Charterers in the South Atlantic are switching from large bulkers to smaller tonnage, while regional grain cargo volumes hold steady.

Neutral to Bearish

Supramax

S10TC moved higher last week, tracking the physical index, with the overall trading range shifting higher. The June contract traded in a range of \$18,200–19,200/day, with a slightly wider range. Weekly volume surged 50%. On the term structure, the backwardation flattened, signalling a deceleration in upside momentum. In the options market, a small number of naked short positions appeared in near months.



Outlook

Against a backdrop of weakening large vessel rates, the Supramax freight index kept rising against the trend amid mounting demand for medium and small tonnage. The US Gulf posed as the key pillar of Supramax sentiment, with shipbrokers raising rate expectations, while trading activity in the South Pacific stayed steady. Nickel ore cargoes from the Philippines to China and steel export loads out of North China remained robust to underpin rates. China's May steel exports hit a yearly high, and aluminium product shipments reached 630,000 mt, a two-year record. Alumina supply faced disruption as environmental inspections in Shanxi shut down 2 million tons of capacity, with the market anticipating a multi-month recovery timeline. For the first time since the US-Iran conflict, a fully loaded Supramax carrying alumina transited the Strait of Hormuz. Unimpeded passage through the strait would boost minor bulk trade such as fertilizers and alumina, diverting some Pacific small-tonnage capacity to European and African trades.

The Supramax ballast ratio fell markedly to 1.5589 last week from 1.7219 a week prior, reflecting more idle small vessels, yet the reading remained far below Panamax levels, underscoring solid small-ship demand.

Long-term, Supramax newbuilding order books are thin, and nearly half of the existing fleet is approaching scrapping age, pointing to looming tightness in effective supply. On a year-on-year comparison, Capesize and Panamax time charter rates have surged roughly 100%, while Supramax rentals only rose 67%. Amid tight tonnage and resilient demand, Supramax relative value is likely to hold up better than larger bulk carriers going forward.

Neutral to Bearish

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